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In order to fulfill these duties, GCI must have a dedicated employee or agent (outside of the U.S.) perform them. For withholding tax purposes, GCI cannot have SSC carry out these duties as GCI's agent. More substantively, this dedicated person would have to actually carry out GCI's distributorship agreement obligations, i.e., (i) issue all keys for the Signline products, and (ii) issue invoices in conjunction with these key issuances. This would be a full time job.

Please let me know how you would like have GCI meet its distributorship agreement obligations. In the meantime, barring GCI's meeting these obligations, SSC will have to begin making applicable U.S. income tax withholdings on all payments that SSC makes to GCI in connection with the distributorship agreement.

Please call me at your convenience so we can talk through this matter in more detail and jointly settle on the most prudent course of actions. Thank you.

Charlie

Charles C. Hale
DivestCap / Sage
660 Madison Avenue, Floor 18
New York, NY 10021
Mobile: 617 818 2222
NY Office: 212 651 9023
CHALESC@DIVESTCAP.COM

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divestcap

From: Vigder, Avi
Sent: Tuesday, September 28, 2008 3:30 AM
To: 'Idan Moskovich'
Subject: FW: GCI / SSC

you and eli need to take care of it. maybe allocate eli or the new assistant you plan to recruit

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Tuesday, September 26, 2006 12:58 AM
To: Shlomo Meichor
Cc: Vigder, Avi
Subject: GCI / SSC

Shlomo - that trip was really terrific. One of the truly best parts was getting to know you. If you need a driver again, let me know!

Now, onto SSC / GCI and tax. As you are aware, SSC and GCI signed a distributorship agreement approximately three years ago. Under that agreement GCI is obligated to: (i) deliver products to SSC and SSC's customers by issuing license keys for the products, and (ii) invoice SSC on a per-sale basis. After recently reviewing various matters with our counsel, we have come to believe that GCI is not sufficiently carrying out these required duties. Unless GCI fulfills these duties, SSC will have to make applicable U.S. income tax withholdings on all remittances from SSC to GCI. This is because, without these functions, SSC could be treated as having a license agreement with GCI, with the remittances characterized as royalties, rather than as product purchase price payments.

In order to fulfill these duties, GCI must have a dedicated employee or agent (outside of the U.S.) perform them. For withholding tax purposes, GCI cannot have SSC carry out these duties as GCI's agent. More substantively, this dedicated person would have to actually carry out GCI's distributorship agreement obligations, i.e.: (i) issue all keys for the Sightline products, and (ii) issue invoices in conjunction with these key issuances. This would be a full time job.

Please let me know how you would like have GCI meet its distributorship agreement obligations. In the meantime, barring GCI's meeting these obligations, SSC will have to begin making applicable U.S. income tax withholdings on all payments that SSC makes to GCI in connection with the distributorship agreement.

Please call me at your convenience so we can talk through this matter in more detail and jointly settle on the most prudent course of actions. Thank you.

Charlie

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From: Charles Hale [charles@divestcap.com]
 Sent: Tuesday, October 24, 2006 11:32 AM
 To: Brandon Witte
 Cc: Shlomo Mckhier
 Subject: Re: ARM Version for Royal London

Follow Up Flag: Follow up
 Flag Status: Flagged

Shlomo - good afternoon. Would you please send me the latest bank fixes when you have a moment? Thank you

-----Original Message-----

From: Brandon Witte <brandon.witte@sightlinesystems.com>
 To: Charles Hale <charles@divestcap.com>
 Sent: Tue Oct 24 08:43:53 2006
 Subject: RE: ARM Version for Royal London

Thanks Charlie - I've sent a note to Reg asking about the 15-16 in the UK. If you get a minute, could you send me the financials for Oldpoint? Want to put together draft revisions for the agreement with Reg and wanted to work through calculations for the guaranteed payments. At the same time, I am going to work on preparing a 2006 sales report attempting to break down Reg's 06 sales by region.
 bw

-----Original Message-----

From: Charles Hale
 Sent: Tuesday, October 24, 2006 5:42 AM
 To: Brandon Witte
 Subject: RE: ARM Version for Royal London

He has a reason to be anxious: the value isn't there.

I think we should keep Reg as a distributor but take Ekko direct and split the amount Reg takes off of Ekko with him. I believe it's 20% for maintenance, 15% for license but I have to check my notes. Ekko will have to commit more resources to the territory.

Let's set up a trip for the 3rd week of November (?) or thereabouts for Germany and then the UK. We can end in Amsterdam visiting Trendic to make the point that they do nothing and should not be renewed exclusively under Reg

Charles C. Hale
 Mobile: 617 818 2222
 NY Office: 212 651 9823
 charles@divestcap.com

-----Original Message-----

From: Brandon Witte
 Sent: Tuesday, October 24, 2006 5:23 AM
 To: Charles Hale
 Subject: Fw: ARM Version for Royal London

Charlie - Reg sure is anxious on this contract renewal... Do you have the current agreement? That way I can familiarize myself with the current terms.
 Bw

-----Original Message-----

From: Reg Webb <Reg.webb@pawis.com>
 To: Brandon Witte <brandon.witte@sightlinesystems.com>

Sent: Tue Oct 24 04:26:15 2006
Subject: RE: ARM Version for Royal London

Brandon

Week beginning 4th December is latest to accept a visit as after this we are into year end mode with customers.

However, we cannot leave the contract renewal until then: I am making business decisions that have implications beyond April 2007. We need to wrap it up in November (Charlie knows this) before we are in year end mode and so we can plan for 2007 and beyond. Remember this is not just U.K. but whole of EMEA.

I have suggested to Charlie we renew on current terms on a rolling 12 month contract with the initial period being 2 years.

I trust we can resolve this soon.

Regards

Reg

-----Original Message-----
From: Brandon Witte [mailto:brandon.witte@rightline-systems.com]
Sent: 23 October 2006 19:49
To: Reg.webb@pawis.com
Cc: Dee Walker (E-Mail)
Subject: RE: ARM Version for Royal London

Reg,

Thanks for the quick response. A visit to see your operation sounds good. Right now maybe around the second week of December would work. Let me know if that would work and I'll work to get Charlie in the loop.

bw

From: Reg Webb [mailto:Reg.webb@pawis.com]
Sent: Monday, October 23, 2006 5:25 AM
To: Brandon Witte
Cc: Dee Walker (E-Mail)
Subject: RE: ARM Version for Royal London

Brandon

Thanks for your response.

Royal London was a SightLine user on Unisys MCP platform. They have migrated to HP-UX. Over the last year we have engaged them to use SightLine on the HP-UX platform. We have competition that already has ARM interface QA. We have spent a great deal of time both sales and technical to get them where they are: they are paying for a 3 month extended evaluation of SightLine. ARM is not the only aspect of SightLine they are evaluating: although it could prove crucial. The next stage of the sales process is that we are visiting them on Monday 6 November to demonstrate SightLine taking ARM transactions in the W2K environment. In the meantime they continue to use SightLine on HP-UX.

On the subject of meeting you. There is an urgent requirement to renew the EMMA contract: the contract expires 30 April 2007. Charlie told me he wanted to meet to renew the contract, but despite my Emails to him, reminding him, he has not got back with a date. We would also like to get updated on the future plans that SSC have and certainly the SigLine 2007 Road Map. Perhaps it would be the ideal opportunity for you (and Charlie if required/has time) to visit BMFA, so you can see the set-up here and meet the people here and lay the foundations for a successful 2007.

Regards

Reg

---Original Message---

From: Brandon White [mailto:brandon.white@sigline.com]

Sent: 20 October 2006 17:08

To: Reg.webb@pawis.com; Darryl McPherson; Dee Walker@pawis.com

Cc: Nick Thurston

Subject: RE: ARM Version for Royal London

Reg,

We have not yet been introduced, but, I joined SigLine Systems last week as the new President reporting to Charles.

As you probably know, the ARM IA component is not a component that is in wide spread use across our installation base. We can certainly prepare this component for the platform Royal London requires, which is currently estimated to be about two weeks worth of effort. Since this component is not currently on our price list, we were looking to see if there was an opportunity to recoup our development costs by including them in part of the agreement. Are you looking at a license fee for ARM IA at ~\$20K? Depending on what your license strategy was, there may be other ways to recoup the development cost. Any additional details would be helpful, our development schedule is quite full right now.

Look forward to meeting you in the future!

Kind Regards,

Brandon

Brandon White

President

SigLine Systems Corporation

11430 Fairfax Boulevard Suite 200

Fairfax, VA 22030

(703) 563-3600 x310

(443) 995-7989 (cell)

From: Reg Webb [mailto:Reg.webb@perwis.com]
Sent: Friday, October 20, 2006 11:30 AM
To: Darryl McPherson; Dee Walker@perwis.com
Cc: Nick Thurston; Brandon Witte
Subject: RE: ARM Version for Royal London

Darryl

Thanks for quick response, your help and knowledge is always appreciated.

We understand Dave Simmonds time (although might be hard to get \$10K). We anticipate greater than \$20,000 in license fees to SSC from first order from Royal London. Do you mean an additional \$20K for ARM 1A? I do not think Royal London we pay for the product twice.

Regards

Reg

-----Original Message-----

From: Darryl McPherson [mailto:darryl.mcpherson@siglincsystems.com]
Sent: 20 October 2006 15:13
To: Dee Walker@perwis.com
Cc: Reg Webb; Nick Thurston; Brandon Witte
Subject: RE: ARM Version for Royal London

Dee,

We will have an ARM 1A for the HP-DX (PA-RISC) PA ready for beta testing at Royal London no later than two weeks following the signing of the contract.

While negotiating with Royal London, SSC would like you to include the following two items.

- 1) Reimbursement for at least one week of Dave Simmonds time to produce HP-UX metric validation information,
2) Reimbursement for two weeks of development time to deliver the ARM IA. Suggested rate would be US\$10,000
per week.

If you have any questions or would care to discuss further, please do not hesitate to contact myself or Brandon.

Darryl

From: Dee Walker [mailto:Dee.Walker@pawis.com]
Sent: Thu 10/19/2006 5:04 PM
To: Darryl McPherson
Cc: Sandy Bruce; Reg Webb; Nick Thurston
Subject: ARM Version for Royal London

Darryl

I can confirm that Royal London are happy with V2 for ARM.

They have committed to a POC Demo on 6th November. We will run this with ARMAPP on W2K.

If you can therefore come back to us with some indication of effort for the compilation on UNIX we would be grateful.

Kind regards
Dee

Dee Walker
Business Development Manager
INTELLIGENT SOLUTIONS
Mobile 07711 141524
Work 01372 227750
Direct Line 01372 227764
www.pawis.com

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From: Gal, Eldad
Sent: Thursday, December 21, 2006 2:12 PM
To: Golan, Danyel
Subject: FWT: Checklist for Sightline

Follow Up Flag: Follow up
Flag Status: Flagged

-----Original Message-----

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Thursday, December 21, 2006 2:14 PM
To: Gal, Eldad
Cc: bghill@verizon.net
Subject: Checklist for Sightline

Eldad - here is a rough list of action items for pursuing an SSC / GCI sale. Thoughts?

Charlie

1. Agreement on price expectation?
2. Organization of entities for sale
 - a. Merger of SSC and GCI not appropriate until buyer identity known
 - i. Foreign buyers will not want to merge IP owner back into US corporation
 - ii. Tax advantages of current structure can be preserved for certain buyers
3. Agreement on nature of pro forma financial presentation
 - a. How should European \$s be shown given change in distribution structure and rates
 - b. 30% withholding rate
4. I-banker?
5. Major customer/channel alignment
 - a. DISA
 - b. Unisys
 - c. MCI-Verizon
6. Isolation and agreement on growth driver
 - a. Cash flow very steady over time but no real engine for future growth
 - b. Customer base shrinking by number even as average customer revenue increases to offset
7. Employee issues
 - a. GM and his incentive
 - b. Other key employees

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From: Charles Hale [charles@divestcap.com]
Sent: Friday, December 29, 2005 7:05 PM
To: Shlomo Meichor; Idan Moskovich
Cc: Derenda Culligan; Brandon Wille; bghill@verizon.net
Subject: Wire Initiated

Shlomo and Idan - we initiated the wire this afternoon of \$1.25m to Glenridge.

Best,
Charlie

Glenridge Commercial Inc
1555101

HSBC PRIVATE BANK (SUISSE) S.A. (FO
BLICK-AGS

20540866000
Sightline Systems Corp

Initiation of Funds Transfer

1,250,000.00USD

Charles C. Hale
DivestCap / Sage
660 Madison Avenue, Floor 18
New York, NY 10021
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CHARLES@DIVESTCAP.COM

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From: Bruce Hill [mailto:bruce@divestcap.com]
Sent: Wednesday, February 21, 2007 11:23 AM
To: Shlomo Meichor
Cc: Charles Hale
Subject: Update request

Shlomo,

Last week I sent you a new contract for GCI's distributor in Germany, which someone needs to execute on behalf of GCI. We would like to get this done as soon as possible, since this contract provides for a larger percentage of the revenue to go to GCI.

Thanks,

Bruce

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From: Idan Moskovich [mailto:idan@sageglobal.co.uk]
Sent: Thursday, March 01, 2007 12:01 PM
To: Shlomo Meichor
Cc: Brandon Witte; Charles Hale
Subject: RE: Shlomo contact information
Attachments: GCI-18 GmbH Distribution Agreement 1-81-07.doc

Dear Shlomo,

Your quick assistance is needed, please have the attached resolution sign on behalf GCI.

Best Regards

Idan Moskovich

Sage Capital Global Limited
8th Floor, Berkeley Square House
Berkeley Square, London, W1J 6BR
United Kingdom.
Tel: +44 (0) 207 547 1911
Fax: +44 (0) 207 547 1910
E-Mail: idan@sageglobal.co.uk

From: Brandon Witte [mailto:brandon.witte@sightlinesystems.com]
Sent: Tuesday, February 27, 2007 2:22 PM
To: Charles Hale
Cc: idan@galaxy.com
Subject: RE: Shlomo contact information

Thanks Charlie --

Idan,

The reason for my call earlier was to try and get resolution on a Distributor change related to GCI in EMEA. We have decided to take one of the long standing sub distributors direct, covering Germany, Switzerland and Austria. I've attached the agreement which at this stage requires a signature on behalf of GCI. This new agreement results in increased margins to GCI on activity in this territory. Should you have additional questions, please feel free to call me, (703) 563-3000 x310 or (443) 995-7889.

Kind Regards,
Brandon

Brandon Witte
President
Sightline Systems Corporation
11100 Fairfax Boulevard Suite 200
Pebble, VA 22030

(703) 563-3000 x310
(443) 995-7889 (cell)

From: Charles Hale [mailto:CHale@yorkcapital.com]
Sent: Tuesday, February 27, 2007 9:05 AM
To: Brandon Witte
Cc: idan@galaiv.com
Subject: RE: Shlomo contact information

Brandon -- as a stop gap measure, since it's important to get the distributor contracts squared away, the best thing to do is call or email idan.

Idan's number info is:

IDAN MOSKOVICH

SAGE CAPITAL GLOBAL LIMITED

9th Floor, Berkeley Square House,

Berkeley Square, Mayfair,

London, W1J 6BR.

Tel: +44 (0) 207 647 1911

Fax: +44 (0) 207 647 1910

Charlie

From: Brandon Witte [mailto:brandon.witte@sightlinesystems.com]
Sent: Tuesday, February 27, 2007 8:43 AM
To: Charles Hale
Subject: Shlomo contact information
Importance: High

Charlie -- I was going to try and reach Shlomo about the Ekke contract -- do you have his contact info?
bw

Brandon Witte
President
Sighting Systems Corporation
11138 Fairfax Boulevard Suite 200
Fairfax, VA 22030

(703) 553-3000 x010
(443) 200-7400 (cell)

divestcap

From: Idan Moskovich [mailto:Idan@sageglobal.co.uk]
Sent: Sunday, April 15, 2007 8:24 AM
To: Golan, Daniel
Subject: Fw: Fax from my Bank

Please talk to me about this
Please note my new e-mail:
Idan@sageglobal.co.uk

Sage Global - Sent by blackberry

----- Original Message -----
From: Bruce Hill <bruce@divestcap.com>
To: Idan Moskovich
Sent: Thu Apr 12 19:27:35 2007
Subject: RE: Fax from my Bank

Idan,

Thanks for this information, I think we should be able to get our distributors as a steady stream of payments.

I need your help with a couple of things. First, we have finalized our change of distributors in the UK, and have reached an agreement to have the old distributor transfer about £170K to us that he has collected. We need to transfer £104.5K to the new distributor so he will provide the maintenance, and GCI keeps the rest as a "handling fee". The question is, can you transfer the £104.5K out from the GCI account to the new distributor in the UK?

Second, we have a significant opportunity with Undys to have them distribute SightLine worldwide. They don't know that GCI exists, and they assume that SightLine is owner of worldwide IP rights. We need a quick amendment to the GCI-SightLine distribution agreement so we can give them worldwide rights and a 30% discount (less than any of our other distributors). They are holding back two opportunities in the range of \$500K each (net to us) - which we need for top-line growth in the sale process. We are trying to do a similar deal with KP. Let me know who to send the amendment to - it is time sensitive.

Bruce

From: Idan Moskovich [mailto:Idan@sageglobal.co.uk]
Sent: Thursday, April 12, 2007 9:35 AM
To: Bruce Hill
Subject: RE: Fax from my Bank

Here are the IBAN numbers to be used:

USD CH6308589050911303030

EUR CH6108689050913160325

GBP CH48086890509131603134

CHF CH3608689050913163588

Best Regards

Idan Moskovich

Sage Capital Global Limited

9th Floor, Berkeley Square House

Berkeley Square, London, W1J6BR

United Kingdom.

Tel: +44 (0) 207 647 1911

Fax: +44 (0) 207 647 1910

Please note my new E-mail: idan@ageglobal.co.uk

From: Bruce Hill (bruce@divestcap.com)

Sent: Thursday, April 05, 2007 5:17 PM

To: Idan Moskovich

Subject: FW: Fax from my Bank

Importance: High

Idan,

This is relatively important. One of Signal Inc's distributors is attempting to pay GCI, but their bank is saying that the IBAN number (see below) doesn't match the account name. They are using the same information that was in the agreement that was signed last month.

Can you please help?

Bruce

From: Brandon Witte
Sent: Thursday, April 05, 2007 12:02 PM
To: Bruce Hill
Subject: FW: Fax from my Bank

Additional from Elke

From: Eckehard Seifh seifh@intelligent.de
Sent: Thursday, April 05, 2007 11:56 AM
To: Brandon Witte
Subject: Fax from my Bank

Hi Brandon,

attached is the fax we received from our bank telling us that Account name : Glenridge Commercial Inc and account Number (IBAN
CH5308689050911303030 don't match.

Please provide me all necessary information to complete the transaction.

Best regards,

Elke

Eckehard Seifh	Intelligent Solutions GmbH
Geschäftsführer	Norsk-Data-Str. 1
	61352 Bad Homburg
Tel: +49 6039 939 5099	Tel: +49 6172 483250
Fax: +49 6039 931634	Fax: +49 6172 483105

divestcap

From: Vigder, Avi [Avi@cuvallocapital.com]
Sent: Friday, June 28, 2002 4:10 PM
To: Raz Steinmetz
Cc: Shlomo Melchor
Subject: FW: Update on Summit and Other Matters
Attachments: Divestcap LP Agreement.DOC; DirectCap Management Agreement.DOC

-----Original Message-----

From: Bruce Hill [mailto:bruce@divestcap.com]
Sent: Thursday, June 27, 2002 2:47 PM
To: Vigder, Avi
Cc: charles@divestcap.com
Subject: Update on Summit and Other Matters

Avi - we have a number of topics to cover, so I have segmented them under different headings:

Larry and Al

Larry and Al sent Charlie releases with two changes:

- (i) Inserting a settlement amount of \$90,000 payable in addition to the \$25,000 already paid
- (ii) making the release reciprocal, so that we release them from claims arising out of our relationship together.

Do the amounts look OK to you? The change related to reciprocity looks acceptable to Charlie and me.

Regarding payment timeframe, Larry and Al want to be paid in advance of the round since we have pushed back the round. I think it's fair to pay them since we will do so eventually. What do you think?

Sigma

Sigma is proceeding with Summit. The partner leading the investment for Sigma is the senior person at the firm. He has asked for more work to bring the financials to GAAP, and we are doing that. He will also be doing more diligence on the new product direction, although he has characterized that work as confirmatory. If new product sales come in close to plan, we should be in good shape with them. As a catalyst and to protect ourselves, we're working on bringing in other candidates.

Summit should beat plan (\$1.38mm), with maintenance bookings well above the \$650k forecast (a great sign for the health of the business and customer base). Currently, we have about \$1.2mm booked. We won't know our actual new product sales number until the last day or two of the quarter. You should know that we have focused the business almost exclusively on bookings and cash flow, rather than GAAP revenue. This makes a large difference now, because we are booking maintenance orders and collecting the cash within 30 - 60 days mostly, but the revenue will be recognized ratably over the next 12 months.

Exit Strategies

Based on where we are currently, I think we should check in with Verisity sometime after the end of the quarter to let them know where we stand. We know that revenue will be at plan, and we had a great reception at DAC, which I'm sure that they saw. They are currently running at \$11.5m a quarter in total revenue, of which about \$4m is maintenance. Operating cash flow is very strong, about \$2.5 million per quarter. Therefore, we could increase their overall business at our current run rate about 10 - 12%.

think they will want to see us on a stronger profitability footing than we will be at the end of Q2. However, if we want to get something done with them toward the end of this year, we need to be in front of them now. The good news is that with our maintenance running well ahead of plan, we should be more attractive to them from a profitability perspective, since maintenance dollars are much higher margin.

Similarly, we should continue the discussions that Charlie began with Co-ware at DAC. Although they are a private company they could provide an acceptable fallback plan in a private for private stock merger if we feel we need to exit.

We are also staying engaged with TransEDA. They are unclear about their own strategic direction, but I believe they do have a real interest in the company. They are scared we will sell or OEA significant technology to one of the larger players, so they will probably only act defensively.

I believe Guy has established contact with people at Cadence who might very well be interested in acquiring Summit, but probably not for another 12 - 18 months.

Legal Structure

We are in process on three different things:

1. Employee agreements and stock issuance - we are pretty close to getting all this resolved
2. DivestCap/Cavallo investment docs for Summit - these have been prepared and we have attached them. We didn't show them to you before because we realized the structure might be different if Sigma and/or Genesis came in. These docs assume a "plain vanilla" US structure that other US VCs would probably want to see.
3. Finalizing the transfers of assets to the overseas entities - I think we have the documents all set, we just need to know if we are going to use an overseas structure or not.

I think we could get this all done in a week once we know what is going to happen with Sigma.

DivestCap/Cavallo Long-term Agreement

We would like to create real investment documents, create and fund the DivestCap entity in the next two weeks. We have a number of opportunities in our pipeline right now, and we need to resolve our situation before we can deal effectively with them. We can discuss this in greater detail when you have time.

<<Divestcap I LP Agreement.DOC>> <<DivestCap Management Agreement.DOC>>

Bruce G. Hill

Divestiture Growth Capital

(617) 489-6162

(617) 413-5531 (mobile)

bruce@divestcap.com

divestcap

From: Charles@divestcap.com
Sent: Thursday, December 04, 2003 7:01 PM
To: Vigdor, Avi; Golan, Daniel; Gal, Eldad
Cc: 'Bruce Hill'
Subject: Mission Critical Software

Follow Up Flag: Follow up
Flag Status: Flagged

Why mission critical software can be so much fun -

The guy below tried to screw GCI but GCI/SSC had the leverage. Only \$57k but certainly worth the squeeze.

-----Original Message-----

From: Luis J. Carazo Johanning [mailto:lcrazo@ascisa.com]
Sent: Thursday, November 27, 2003 5:17 PM
To: charles@divestcap.com; Oscar Jimenez
Cc: 'Bruce Hill'; Myrna Banquero Pérez
Subject: Re: Conference
Importance: High

It is really urgent to have news from you.

The Government is going to pay to his employees this Saturday, so BNCR needs more than ever the Signline platform working on Sunday (the last valid date for the temporary keys). Temporary keys are a must otherwise we better close our office here and move ourselves to Brazil while we can.

divestcap

From: Bruce Hitt [bruce@divestcap.com]
 Sent: Monday, January 26, 2004 2:22 PM
 To: 'Shama Meichor'
 Cc: Vigder, Avi; Segi, Mor; Golan, Daniel
 Subject: Summit Stock Sale

Follow Up Flag: Follow up
 Flag Status: Flagged

Shama,

As you may know, we are in process to sell approximately 20% of Summit Design to a Japanese purchaser, BSL Corporation. In order to make this happen, we need to take some steps fairly quickly to put ourselves in position to close this transaction as soon as possible – certainly by February 4, 2004. We will not finalize any of these steps until immediately prior to the closing, but we need to take the preparatory steps now.

I have attached a short PowerPoint presentation which shows these steps in detail, but I have provided a short summary of the necessary actions below.

The key things we need you to do are:

1. Contribute the shares that Raz received in Summit in December 2002 to a Delaware limited partnership. Raz will receive in return a 10% limited partner interest in the LP. If you remember, this was originally done to give Raz a 10% indirect beneficial interest in an Israeli Approved Enterprise. I don't if this still has any value.
2. We need to get someone who is an authorized signer for Enright to sign an agreement to contribute the \$300K convertible note from January 2003 to the same LP, in exchange for an 80% LP interest (reduced by whatever % Raz needs to get).
3. The same person needs to sign an limited partnership agreement which provides for the 60% interest.
4. If Raz still needs to have an interest, then he needs to sign the LP agreement too.

I know that I will need to get a draft of the contribution agreement and the LP agreement to you ASAP, which I will do.

Bruce

divestcap

From: Bruce Hill [mailto:bruce@divestcap.com]
 Sent: Tuesday, January 27, 2004 8:22 AM
 To: 'Shlomo Melchor'
 Cc: Vigder, Avi; Sagl, Mor; Golan, Daniel
 Subject: RE: Summit Stock Sale
 Attachments: Transaction Structure 1-23-04.ppt

Follow Up Flag: Follow up
 Flag Status: Flagged

Shlomo,

The following is basically correct -- we are now selling 5,000,000 shares to BSI, instead of 5.2 million, and Enright holds the convertible note instead of Oldpoint. Now of course, we will ignore Raz in the diagram.

On the Raz issue -- since Raz holds only 3 shares out of 20 million, do we need to cancel the shares or can we just leave it alone? If it is important to Raz, I will cancel the shares, but there is a lot to do between now and next week so I would prefer to avoid that if possible or do it later.

Bruce

---Original Message---

From: Shlomo Melchor [mailto:shlomo@galilim.com]
 Sent: Tuesday, January 27, 2004 2:05 AM
 To: Bruce Hill
 Cc: Vigder, Avi; Sagl, Mor; danny@sagecap.com
 Subject: RE: Summit Stock Sale

BTY I did not receive any PP presentation attached

---Original Message---

From: Bruce Hill [mailto:bruce@divestcap.com]
 Sent: Monday, January 26, 2004 9:22 PM
 To: Shlomo Melchor
 Cc: Vigder, Avi; Sagl, Mor; danny@sagecap.com
 Subject: Summit Stock Sale

Shlomo,

As you may know, we are in process to sell approximately 30% of Summit Design to a Japanese purchaser, BSI Corporation. In order to make this happen, we need to take some steps fairly quickly to put ourselves in position to close this transaction as soon as possible -- certainly by February 4, 2004. We will not finalize any of these steps until immediately prior to the closing, but we need to take the preparatory steps now.

I have attached a short PowerPoint presentation which shows these steps in detail, but I have provided a short summary of the necessary actions below.

The key things we need you to do are:

1. Contribute the shares that Raz received in Summit in November 2002 to a Delaware limited partnership. Raz will receive in return a 10% limited partner interest in the LP. If you remember, this was originally done to give Raz a 10% indirect beneficial interest in an Israeli Approved Enterprise. I don't if this still has any value.

2. We need to get someone who is an authorized signer for Enright to sign an agreement to contribute the \$308K convertible note from January 2003 to the same LP, in exchange for an 20% LP interest (reduced by whatever % Raz needs to get).
3. The same person needs to sign an limited partnership agreement which provides for the 80% interest.
4. If Raz still needs to have an interest, then he needs to sign the LP agreement too.

I know that I will need to get a draft of the contribution agreement and the LP agreement to you ASAP, which I will do.

Bruce

divestcap

From: Charles@divestcap.com
Sent: Tuesday, December 09, 2008 9:58 AM
To: Vigder, Avi
Cc: 'Bruce Hill'
Subject: OMR

Sensitivity: Confidential

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Flag Status: Flagged

Avi,

We have submitted a first round indication of interest for ADP's divestiture of OMR Systems. As you know, we have been working on ADP divestitures for quite some time. This one was founded in 1981 -- 2 years earlier than FORTEL -- and has a COSOL code base. Despite some cosmetic surgery to make it look like a pretty girl, it's really an old matron with limited mobility and an abusive husband. There is also a new business that doesn't make financial sense. Like FORTEL, we would drastically redirect priorities and grow some good cash flow (and possible revenue growth) out of the legacy business. As far as we know, Fossicker is bidding on this too.

Charlie

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DRAFT

1. Cash Generated Above Investment \$ 3,083

2. Taxes Treated as System Tax

Total	\$	(107)	<u>Needs</u>
BCH	\$	(63)	12.5%
CCN	\$	(63)	18.6%

Total Make Up	\$	190
BCH	\$	89
CCN	\$	107

3. Carry Calc.

Cash Generated Above Investment Less System Tax	\$	2,980	2026 = Carry
BCH Gross Carry Pre-tax	\$	573	21.5% = Effective tax rate BCH
BCH Carry Target Post Tax	\$	227	25.5% = Effective tax rate CCN
CCN Carry Target Post Tax	\$	207	25.0% = Effective BCH/CCN Tax rate

4. Distribution

Total	\$	768
BCH	\$	378
CCN	\$	390
Net Carry Post Tax	\$	434

5. Memo Items

Effective System Tax / Subsidy		6%
Tax Payment (Benefit) if did not have to distribute	\$	(811)
Chgs		
St. Tax Levy	\$	2,277.12
Post Tax Levy if not paying ordinary 25% tax	\$	518.06
Levy		21%

@vestcap

From: charleshale@verizon.net
Sent: Thursday, February 05, 2004 9:18 AM
To: Vigder, Avi
Cc: Bruce Hill
Subject: TAX 3.1.xls
Attachments: TAX 3.1.xls

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Avi - here's our distribution calc with a 25% effective tax rate. Bruce and I will call you Thurs to go through this proposal with you.

Charlie

divestcap

From: Bruce Hill [bruce@divestcap.com]
Sent: Monday, February 16, 2004 9:21 AM
To: Vigdor, Avi
Cc: Golan, Daniel; charles@divestcap.com
Subject: LP Docs for Summit Closing
Attachments: Note Assignment Notice.doc; Partnership Clean 2-16-04.doc

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Avi,

To be ready to close the transaction with the Japanese, we need to have the following documents executed on behalf of Enright. We will also need Enright's address on the shorter document, which is the note assignment from Enright to the LP. Charlie and I have gone over these documents carefully, and we believe that they reflect the agreements that we reached. However, if there is any issue, we can always address it later through an amendment. Right now, I just want to make sure that we are ready for the closing.

Jim says that we should receive the final comments on the SPA from BSL's lawyers this morning.

Bruce